

Message Text

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PAGE 01 USUN N 03249 222033Z
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C O N F I D E N T I A L USUN NEW YORK 03249

DEPARTMENT FOR DEPUTY SECRETARY CHRISTOPHER FROM
AMBASSADOR YOUNG

COMMERCE FOR SECRETARY KREPS

WHITE HOUSE FOR ZBIGNIEW BRZEZINSKI

E.O.11652:GDS
TAGS: BENC, AR, SHUM
SUBJECT: EXIMBANK LOAN TO ARGENTINA: HUMAN RIGHTS,
DEVELOPMENT, AND EXPORT POLICY

1. I BELIEVE THE DEPARTMENT SHOULD REVIEW THE DECISION
BY THE EXIMBANK TO DENY THE ISSUANCE OF A LETTER OF
INTEREST TO ALLIS-CHALMERS FOR HYDROELECTRIC GENERATING
EQUIPMENT TO BE SOLD TO ARGENTINA, ON THE GROUNDS THAT
SUCH A PROJECT PROMOTES ECONOMIC RIGHTS (I.E., BASIC
HUMAN NEEDS) WITHIN THE CONTEXT OF ECONOMIC DEVELOPMENT.

2. I AM CONCERNED THAT WE MAY BE INADVERTENTLY UNDER-
CUTTING OUR ATTEMPTS TO INTEGRATE HUMAN RIGHTS, ECONOMIC
AND SOCIAL DEVELOPMENT AND BASIC HUMAN NEEDS BY USING
FINANCIAL PRESSURE TO PROMOTE ONE KIND OF HUMAN RIGHTS
AT THE EXPENSE OF ANOTHER. SPECIFICALLY, IF A DEVELOP-
MENT PROJECT IS SOUND AS SUCH, IF THERE ARE INDICATIONS
AND GUARANTEES THAT IT WILL BE ADMINISTERED HONESTLY
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PAGE 02 USUN N 03249 222033Z

AND EFFICIENTLY --EVEN BY AN AUTHORITARIAN GOVERNMENT--
I THINK WE SHOULD AVOID USING OUR ECONOMIC POWER IN A
WAY THAT IMPEDES DEVELOPMENT IN THE RECIPIENT COUNTRY
WHILE DENYING JOBS TO U.S. WORKERS AND WEAKENING OUR OWN
ECONOMY AND BALANCE OF PAYMENTS SITUATION.
SUCH A POLICY REDUCES OUR LEVERAGE TO THE ZERO POINT
WITH A GOVERNMENT THAT HAS A GOOD DEVELOPMENT PROJECT,

PARTICULARLY WHEN ALTERNATE SUPPLIERS ARE EAGER AND READY TO FILL THE ORDERS U.S. COMPANIES ARE NOT PERMITTED TO FILL. IT SEEMS TO ME WE CAN TAKE EACH CASE ON ITS MERITS, AND MAKE CLEAR, IF WE APPROVE AN ECONOMIC DEVELOPMENT PROJECT, THAT WE STILL MAINTAIN OUR STRONG RESERVATIONS ABOUT VIOLATIONS OF CIVIL AND POLITICAL RIGHTS, WHERE THEY OCCUR.

3. IF WE CHANGE OUR POSITION ON THIS, THE REASONS SHOULD BE SET OUT IN WRITING TO THE EXIMBANK, THE GOVERNMENT OF ARGENTINA AND KEY MEMBERS OF CONGRESS. WE SHOULD INDICATE FULL SUPPORT OF THE PRESIDENT'S POSITION THAT ECONOMIC, SOCIAL AND CULTURAL RIGHTS ARE INTER-DEPENDENT AND INTERRELATED WITH CIVIL AND POLITICAL RIGHTS, AND THAT THE U.S. GOVERNMENT BELIEVES THAT ECONOMIC DEVELOPMENT, PROPERLY ADMINISTERED, ASSISTS THE PROCESS OF CIVIL AND POLITICAL DEVELOPMENT. YOUNG

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